

GSA Small Business Advisory Committee  
Meeting Minutes  
April 21, 2008  
9:00 am

Members Present:

- Mr. Peter Provenzano, Chair
- Mr. W. Ronald Evans
- Ms. Kay Stewart
- Ms. Susan Au Allen
- Mr. John Moliere
- Ms. Leni Siker
- Mr. Vince Trapani
- Mr. Bion Foster
- Ms. Ann Sullivan
- Mr. Tex Hall

Others Present

- Mr. Felipe Mendoza, GSA
- Mr. Aaron Collmann, GSA – DFO
- Mr. Michael Rigas, GSA
- Ms. Liz Ivey, GSA
- Ms. Leslie Plomondon, GSA
- Mr. Dan Horowitz, GSA/SBA

At 9:00 am, Chairman Peter Provenzano called the meeting to order and welcomed everyone to Anaheim, California. The floor was turned over to Mr. Mendoza who again welcomed everyone to California and gave a brief overview of the agenda. Mendoza noted that the Committee will be asked to take action on some items throughout the day. He also asked that the Committee members consider when they would like to have the next meeting.

Mr. Collmann informed the Committee that it will be in existence until August 31, 2009, at which point, GSA will make a decision as to whether the Committee's charter will be renewed with Congress, thus continuing the Committee or the charter will be allowed to expire, thus dissolving the Committee.

Mr. Mendoza noted that when the time comes to renew the Committee charter, the chairman will need to petition the Associate Administrator for the Office of Small Business Utilization to go before the GSA Administrator to request approval to continue the committee. Mr. Evans asked if the Committee will need Congressional approval for continuation to which Collmann responded that the Committee is formed by the Agency (GSA) and under the Federal Advisory Committee Act rules, the charter must be filed with Congress, but the Committee does not need Congressional approval for existence.

At his point in the meeting Mr. Mendoza took a few minutes to introduce the newest members of the Committee, Leni Siker of Milwaukee, Wisconsin and John Moliere of Hume, Virginia. Mendoza also introduced Leslie Plomondon, the GSA Regional Administrator from the Rocky Mountain Region in Denver, Colorado. Ms. Plomondon is one of the Regional Administrators that have been tasked with liaising with the Office of Small Business Utilization (OSBU). Mr. Mendoza also took a moment to introduce Dan Horowitz, who is on detail to OSBU from the Small Business Administration (SBA).

Ms. Plomondon introduced herself and spoke of her role in the Committee meeting. Ms. Plomondon serves as a liaison between the regional administrators and the OSBU. Her role is to help maintain communications between the RA's and the OSBU. Ms. Plomondon also spoke of her background working in the Colorado Governor's office as well as time in international trade with Hughes Aircraft Company. She also spoke of how her experiences relate to GSA.

At this point in the meeting all Committee members and staff introduced themselves beginning with the Chairman, Peter Provenzano and continuing until all present had introduced themselves.

### **Election of Vice-Chair**

Mr. Provenzano noted that there was one matter of business before moving on with the agenda, the election of a new Vice-chair for the committee. Following Walt Blackwell's resignation from the Veteran's Corporation he is no longer able to serve on the Committee. Two individuals expressed interest in the vice-chair slot, John Leyendecker and Ann Sullivan.

Mr. Moliere nominated Ann Sullivan to be the Vice-chair with a second by Mr. Evans. There was a brief discussion on the topic and Provenzano called for a vote on electing Ann Sullivan as Vice-chair. The motion passed unanimously.

The first item on the agenda was a briefing from GSA Deputy Administrator David Bibb regarding GSA's role in the Presidential Transition following the election. Mr. Bibb was not available at this time and the meeting continued with the discussions on GSA surplus auction sales.

### **Discussion of GSA Surplus Auction Sales**

Mr. Evans mentioned that this particular issue has been discussed on several occasions in prior meetings. The issue is that GSA has proposed a rule, now final, that will require Federal agencies to use GSA sales centers for the disposal of surplus personal property through auctions. Mr. Evans gave an example of a business in Tennessee or North Carolina that has built its business around selling government surplus property. Mr. Evans also mentioned that he has tried on several occasions to get on the GSA Schedules to sell for the agency, but has been unsuccessful.

Mr. Evans stated that his position is “that we go back to the committee under the Chairman, Ed Towns, and request that this rule / regulation be completely reversed in favor of business as opposed in favor of building another bureaucracy.”

Mr. Evans then stated that he would like to propose a motion for the committee to act.

“My motion is that we go on record in opposing this rule and these regulations in favor of the industry recognizing that we can do as good a job, if not a better job, as private businesses for the government in the sale of surplus properties, and I'll leave it at that, but I also have a further concern beyond that: Once this rule takes effect on personal property, they will then begin to go into the real estate business of selling surplus real estate, but the motion is that we move against this rule.”

Mr. Foster seconds this motion; however, Ms. Sullivan wished to discuss the process before a vote is held.

Ms. Sullivan inquired as to whether the rule is a final or interim rule, to which Mr. Evans affirmed that the rule is final. Mr. Provenzano pointed out that the Federal government, as a whole, has been involved in the disposition of surplus in a monopolistic way, looking at the Department of Defense (DOD), for decades. Mr. Provenzano also mentioned that DOD does use outside auctioneers when queried by Mr. Evans. Provenzano then asked Mr. Evans to elaborate on the differences between the DOD model and the proposed GSA model.

Mr. Evans: The model that's been used with other agencies in addition to DOD is that they can put on the street an RFP to bid on the process. The auctioneers then utilize their staffs to do the same at a lesser cost than 25 percent, No. 1, without billing the bureaucracy.

The point this brings out is that the GSA will force or -- dare I use the word force -- other agencies to use the sales centers that GSA sets up to do the disposal of the same as opposed to allowing them to do it.

I'll use another example, SBA, for example. In their liquidation process, they utilize auctioneers, appraisers, et cetera, on the outside themselves and dispose of their liquidations. They have since then changed that to the banks which now do the liquidation process.

I have worked for SBA. I've also worked for the Treasury Department and Internal Revenue to do the same thing as a private business where I can either not charge a fee, or charge a fee plus a buyer's fee. It's very effective. My bond and my license allows me to do that. So therein lies the problem, the creation of a monopoly for a government agency to do all of the sales centers to prevent private industry from getting involved.

Ms. Sullivan directed the conversation back to the process of Federal rule making. It is her understanding that there are only a couple of choices available when a rule is final. The first is to go to Congress and get a “none of these funds will be appropriated to implement this rule.” The second is to work with the agency involved on the implementation of the rule as published. The issue that Mr. Evans has is that the National Auctioneers Association feels that there will be temporary waivers of the rule that will allow the agency to use non-government facilities to dispose of property. Ms. Sullivan requested that Mr. Evans amend his rule to better reflect the realities of the current situation with the rule in question being in final form.

There was a brief conversation after the committee determined that it would need further information to continue discussions regarding this issue. Mr. Trapani then asked if anyone was aware of the justification for the proposed rule. Mr. Evans responded that GSA’s e-FAS program is supposed to be a more streamlined way of handling these issues by creating a sales center in each region, but in his opinion it created a monopoly on surplus property sales. Mr. Trapani asked if this was to save money, to which Evans responded that it will cost the government more money. Evans continued stating that the rationalization in the documentation is that GSA will be able to do more through electronic commerce as opposed to conventional auctions.

Mr. Trapani stated that in his experience being on the purchasing side of the equation, most auctioneers already have the electronic commerce aspects in place and that this program may not be justified. There is also no “buyers premium” provision for the GSA auctions, thus increasing the costs of the auction for the Federal government, as the buyers premium covers the costs of the auction.

At this point the committee voted on the amended motion that GSA OSBU determine what happened to the comments the Committee had submitted in opposition to this rule and report back to the committee at the next meeting. The new motion received a second from Mr. Hall. The motion passed unanimously.

Chairman Provenzano stated that he had one thing he wanted to mention for the record before moving on.

Small businesses are opposed not only by bad decisions by government, but also by influence -- influence pushed by large business. And this was a somewhat recent thing that I'd like to get into the record. I don't know what we'd do with it or if there's any issues, but I think it signifies or identifies the kind of things that we ought to be perhaps be paying attention to.

And this has to do with industry group on hill condemns one motive for subcontract. A representative of the National Office Products Alliance, a gentleman by the name of Mark Leisure testified before the House Committee on Small Business about the illegitimate use of front companies that win contracts set aside for small business and then subcontract out the work to large companies. He specified that he was referring to companies that pass through contracts charging a commission

for lending their size status, rather than legitimate small business mentoring arrangements. Now, that sounds like kind of he's commingling two different things together, small business mentoring arrangements with the small businesses that win contracts. And the organization seeks a certain thing -- four specific things that they want in the legislation.

They want good evaluation criteria, specifically designed to ensure set-asides are not awarded to front companies that serve only as pass-throughers. That, to me, opens up a pretty big can of worms potentially. Full disclosure of the roles, primes and subsequent play on such set aside contracts. Annual federal agency reporting to the both house and senate committees on the success of these procedures. I might -- could be in a nursing home by then. Assessing penalties on companies violating these and other provisions targeted at ensuring the integrity of small business set-asides. I mean, it's not specifically a GSA issue, but, certainly, there's a lot of office supply business done through GSA.

And these, I think, are the kinds of things that really ought to be on our radar screen, and I will give this out to everybody. This was just sent to me recently by one of our vice presidents as a topic for today, so I apologize.

Ms. Sullivan responded stating that there have been many hearings held on these particular topics by the U.S. House of Representatives Small Business Committee. Ms. Siker gave an example from her own company of how this may be hurting small business. In one instance her company bid on a contract to deliver bottled water in San Diego. She lost the bid to a distributor who then subcontracted to Sparkletts (large business) after winning the bid. The deliveries being made in San Diego were down using the Sparkletts brand water and delivery vehicles.

Mr. Horowitz pointed out that there is an appeals process for the issue that Ms. Siker outlined; however, it can be a difficult and time consuming process. Mr. Horowitz continued stating that SBA Administrator Preston has tried to correct this issue. There is an agreement between SBA and OFPP that every agency will certify that the data is clean and proper. This is intended to help eliminate the loopholes and incorrect coding, but this has continued to be an issue for several years.

Mr. Moliere commented that this is really an expression of contracting and subcontracting. There are requirements that large businesses must meet when bidding on contracts. There were liquidated damages in the past, but Moliere is unsure if damages have ever been paid. The damages have been replaced with a "carrot and stick" approach. When a large business bids on a large contract, they do not want to lose. If the large business is not holding up their end of the small business plan, they may not receive a renewal on the contract then the time comes. This is the carrot.

Mr. Moliere continued stating that DOD has an issue of wanting to have everything their way. When DOD needs something from GSA, they go directly to GSA, when they don't want to use GSA they (DOD) hide behind policy that says they must use DOD contracting vehicles first. Mr. Mendoza mentioned that he will bring this issue up to David Drabkin, Acting CAO at GSA and they will go to Shay Assad at DOD and discuss this issue with Assad.

Mr. Hall made a motion oppose small business pass-throughs to large corporations serving as a front to get the small business set-asides. Ms. Allen suggested that the motion be amended to read as stated below.

I think I would like to suggest that we make it even stronger than that because the motion is stating the obvious, which is why we are here, to support small business and not condone front companies, which is illegal. I'd like to say that we would like to ask for vigorous enforcement and oversight on the implementation, actual practice of this culture. I would suggest that we do that, act, vigorous and aggressive enforcement so that the implementation of the intents of the law and regulation will be fully implemented to the spirit of the law.

Mr. Hall concurred on the amendment. Ms. Sullivan asked a question regarding where the Committee's comments are applied. Mr. Collmann answered the questions stating that the comments are at the agency level. The Committee is chartered to advise the GSA OSBU and GSA as an agency. Mr. Mendoza noted that the Committee may be able to pass its comments to others outside of the agency through the inter-agency councils that GSA is a member of, such as the FAR Council.

Mr. Provenzano pointed out that there was still a motion on the floor to be voted on. The Committee then discussed the language of the motion with the final version being listed below:

The motion says to vigorously exercise oversight, enforcement and assurance of full compliance of small business contracting and subcontracting requirements. Further, we strongly recommend an establishment of an incentive program and penalty program for organizations that meet and do not meet the goals.

At this point the motion by Mr. Hall as amended by Mr. Provenzano and Ms. Allen received a second from Mr. Foster and passed with unanimous consent.

Mr. Provenzano mentioned that it would be helpful if there was a way to view small business contracts and subcontracts by NAICS code. He mentioned that there are **NIACS** codes where 95 percent of the companies are small but only 4 percent of the contracting dollars are going to these companies. Mr. Mendoza mentioned that OSBU will look into seeing if this data is available on FPDS-NG.

Mr. Trapani asked if it was possible to do this same analysis with regional data included to determine if there was a disparity in contracting from one region to another.

## **GSA Small Business Scorecard and Goals**

Mr. Mendoza continued the meeting by beginning his briefing on GSA's small business procurement goals. Beginning when Administrator Doan arrived at GSA, OSBU has gone out to the regions with a historical listing of the regional small business achievements. This information is then used by the region to report back to OSBU what the region thinks they can do with the small business contracting program.

Mendoza continued to explain how there are some agencies whose goals are not at the mandated 23 percent of contracting dollars. GSA for fiscal year 2007 had a goal of 46 percent. Currently, for FY 2008, GSA has a goal of 36 percent. SBA has developed a new methodology for calculating the goals that will make things more equitable to all Federal agencies. The goals going forward will be based on the average of the previous 3 years procurements or the previous year's achievement, whichever is higher.

Mr. Mendoza continued briefing the Committee on GSA's FY 2007 achievements, noting that they are still preliminary numbers and have not been made official by SBA.

The Committee took a break for lunch at this point and reconvened at 1:45 pm.

Ms. Allen requested to make a motion that the Committee recommend to GSA that the agency add a column to indicate the ethnicity of small business contractors. Ms. Allen's motion was clarified to ask the GSA for legal clarification to determine if it is legal to request the ethnicity information on the government contracting companies.

Mr. Moliere mentioned that the veteran community has taken strides to prevent this information from being placed on forms, as veterans come from all socio-economic groups.

Mr. Provenzano commented that there is a category for disadvantaged businesses today. A concern is that if there is too much analysis being done, then we may get to a point where every minority group could end up with a goal. This could be a data management nightmare.

At this point the Chairman asked for a second to Ms. Allen's amended motion, to which Mr. Evans responded in the affirmative. Mr. Evans also asked if there a possibility of removing the "disadvantaged" moniker from the small business realm. Ms. Sullivan responded that it would take action by Congress to remove this label and that it is unlikely to happen, as there has been a large body of law and precedent built around that moniker. There was also a brief discussion of how the "disadvantaged" label makes contracting officers feel that a small business is incapable of performing the work. The issue is that the small businesses are not incapable. The issue is being worked on through internal education efforts to let the contracting community know that disadvantaged does not mean incapable. Mr. Mendoza pointed out that GSA does not use "disadvantaged" in its title for the Office of Small Business Utilization as opposed to Office of Small and Disadvantaged Business Utilization.

At this point the Committee voted on the motion. The motion carried with no dissenting votes.

### **GSA 21-Gun Salute SDVOSB Initiative**

The first agenda topic for the afternoon was a briefing by Mike Rigas on GSA's 21-Gun SDVOSB Initiative.

(PDF of the flyer is available on SBAC website)

Well, the 21-gun salute originated out of Region 6 with our regional administrator, Brad Scott, who used to be the senior named official in Executive Order 13360. For those of you who don't know what Executive Order 13360 is, it's an executive order signed by the President with regards to service-disabled, veteran-owned small businesses. And among other things, it tasks GSA with creating a government-wide acquisition contract, set aside for service-disabled, veteran-owned small businesses, which our esteemed colleague, Mr. John Moliere, is a contract awardee. And it also says that every federal agency that has procurement powers has to designate a senior agency official who will be in charge of making sure that agency meets its 3 percent goal.

Today, that senior agency official for GSA goal is our chief of staff, John Phelps. And when the responsibility was handed off from Brad Scott to John Phelps, he gave a number of recommendations saying, here's what we've done so far and here are some additional recommendations as to what we think GSA can do to meet its 3 percent goal.

As you may know, we've been doing some discussion on the various socioeconomic groups earlier in the meeting. And the one category which GSA has not yet met is the 3 percent category -- 3 percent goal for service-disabled, veterans' small business.

We have met all of the other goals or close to meeting them or have met them or dropped below, but we've, essentially, been able to reach the other socioeconomic goals, but GSA -- and we're not alone among federal agencies.

Only the veterans -- the Department of Veterans Affairs has actually met that goal. They have actually established -- I think it's a 6 percent goal for themselves, which they've met. And they are leading the way, as rightfully, they should be.

But we have not yet that goal, and we want to. And we came up with a plan, which is a 21-step action plan for GSA to meet and exceed its 3



percent goal. And it is a multi-pronged approach which engages every part of the organization, the federal acquisition service, the public building service, the office of the chief acquisition officer, the office of citizen's services and communications, the administrator's office. Every place in the organization where we can make an impact on reaching this goal has been engaged to do what it can in its realm of responsibility to meet that goal. And if you look up on the screen here, you can see sort of what those seven categories are of our approach to meeting and exceeding our 3 percent goal.

The first one being awareness, which is, of course, increase in public awareness, and increase in internal awareness, because not everyone -- sort of within the goal-reaching community. Everyone's aware of the SDVOSB goal, but just because we're all aware of it doesn't mean the rest of the world is aware of it and the contractors are as aware of it as they should be.

The second one is advocacy, which, one of the things we're going to be doing is establishing a subcommittee to this small business advisory committee -- consisting of service-disabled, veteran-owned small businesses that have GSA contract vehicles to solicit their advice much the same way we solicit this committee's advice on what GSA can do to meet that 3 percent goal.

The third one is innovation, find ways to establish and to learn from other organizations that are meeting their goals. What is -- for instance, what is the Department of Veterans Affairs doing? Why are they so successful? What can we learn from them? What can we learn from other agency's best practices on how to reach and exceed this goal?

The fourth one is training. Training internally, our contracting officers making that part of the training regiment for contracting officers on an ongoing basis to make sure they understand what they can do to be proactive to meet these goals and also training for the SDVOSB's themselves so they can learn from other successful SDVOSB's, they can be mentored by large businesses so we're also establishing a mentor and protégé program.

The fifth one, of course, is recognition, finding a way to -- this sort of ties in with awareness as well, recognizing folks within GSA who have gone above and beyond the call of duty to -- for GSA to meet these goals and also recognizing other folks outside of GSA as well, who are -- fit in this goal.

Mr. Mendoza mentioned at this point that GSA PSBU has decided to name one of the GSA Above & Beyond Small Business Awards after Algeon B. Gaither. Mr. Gaither

was a member of the OSBU staff and passed away last October. He was a veteran of the U.S. Army and for this reason, it was decided that the award would be named after him.

Mr. Evans asked if the Committee could endorse this formally and made a motion to do so. Mr. Moliere and Ms. Stewart both responded to second the motion. There was no discussion and the motion passed without dissent.

Mr. Mendoza continued explaining that the awardees are nominated by the regions and services. The recipients receive a plaque and a cash award. These are presented in Washington, DC.

At this point in the discussion Mr. Rigas continued:

We just talked about recognition. The sixth one, of course, is accountability. And as you may know, not a lot happens if there isn't any accountability. Someone said: People don't do what you expect; they'll do what you inspect.

So we're going to make sure that this is where the front office is involved and the administrator's office and John Phelps to ensure that senior leaders within GSA are held accountable and, as part of their performance plan, that GSA meet its 3 percent goal.

So I believe it's also in the regional administrator's performance plans, Leslie?

Leslie is nodding yes. And that's just -- that, I think, is -- goes back to just the awareness. I think some of the reasons we -- you know, we've had trouble meeting this goal is that people just weren't really aware of it, and this is another way to make people aware of their responsibility to reach these goals, and it's also their small business -- but it's just to let them know that this is something they need to be aware of and to ensure that we are focusing the appropriate amount of efforts and energy to reach these goals.

The other thing we're doing here is enhancing the procurement forecast. That's actually something I'm working on with our folks, to make that an easier vehicle, an easier tool for small businesses to use, to get connected with, opportunities that are out there.

Because right now, I don't know if you've taken a look at our procurement forecast recently on the web, it is fairly difficult to navigate and cumbersome and there's a lot of clicking on links and it just takes a lot of time. As you guys know, your time is a precious commodity, so the more time -- if we can make it easier or less time-consuming to use this valuable tool, it makes that much easier for small businesses.

And the last one is partnerships. We recognize that there's only so much we can do as an agency and that there are some things as an agency that we cannot do. So we have to rely on veterans organizations and other folks to do things that, as an agency, GSA, cannot do, and that, you know - - groups will come to us and tell us about their issues with the law or with various regulations.

And as an agency, there's sort of a fine line that we can't advocate or we can't lobby Congress, but, obviously, veterans organizations can and if they think there's something up there that needs to be done, you now, they're more than welcome to go to it.

And one of the things we have done in this vein is there's a new rule -- and I believe it's still out for comment to make set-asides for service-disabled, veteran-owned small businesses on par with 8(a) and HUBZone set-asides, because there was a perception among the contracting officers that, if they were going to do a small business set-aside, they first had to consider an 8(a) company and then a HUBZone company.

And then only after they had considered an 8(a) and a HUBZone could they consider a service-disabled, veteran-owned small business. And that, we have now issued a rule, which is of the comment that says that there is no order of preference for a set-aside that a contracting officer, if they would like to go directly to a set-aside for service-disabled, veteran-owned small business.

So that's the 21-gun salute plan. It took us a while to refine it and get it down to this sort of crisp and easy to grasp and understand vehicle, and now we are in the process of executing that. We have regular meetings.

John Phelps has -- our chief of staff has assembled a group of battle buddies, which are individuals in each organization within GSA who is tasked with sort of running with and tracking down "SDVOSB" issues that have come up, which makes it -- you know, there is a senior level person within each of those agencies who have potentially volunteered to help the veterans.

And so we get together every two or three weeks to check in on each other and manage our progress.

Mr. Moliere queried Rigas to determine if he is a "Battle Buddy" to which Rigas affirmed. The "Battle Buddies" are internal GSA people from the Federal Acquisition Service, Public Buildings Service, and the staff offices at GSA.

Mr. Moliere also asked about the "parity rule" that Mr. Rigas alluded to in his briefing earlier. Moliere continued asking if there was a possibility of switching to different

socio-economic groups should one group fulfill its “quota.” At this time it appears that the contracting officer will have the final say on which socio-economic group is awarded the contract, as the rule is create a level playing field for all the socio-economic groups.

Mr. Rigas asked that the discussion be put on hold for a brief time, as Deputy Administrator David Bibb arrived. Mr. Bibb greeted the Committee and thanked everyone for being in Anaheim, as the Committee’s feedback is important to GSA.

Mr. Bibb continued to discuss GSA’s unique role in the Presidential transition. He also asked a trivia question of the group. “Who is the only official in the law who is charged with determining the apparent winner of the presidential election before the Electoral College meets? The answer is the Administrator of the General Services Administration.” Under the presidential transition act, it is GSA’s responsibility to provide a range of services from office space to laptops to blackberry devices or personal communication devices.

Under normal circumstances, this is an easy task. The Administrator gets up the morning after the election and determines who won. However, in 2000, this wasn’t the case. GSA withheld the keys to the transition office space until the Supreme Court had done its thing. We are hoping this time, as in 2004, there will be a clear-cut winner to the election.

GSA’s role is to ensure that there is a smooth transition. We are there the next morning with the keys to the transition office space. GSA provides everything to take the logistical load off of the incoming President, Vice-President and staff.

GSA also has a role to provide an orientation to the new administration. GSA works with whoever is designated by the President-elect to handle the transition efforts. In 2000, it was Vice-President Cheney who headed up the efforts for President Bush. GSA will work with the transition team to provide them and overview of what the government does and what the government world is really about. GSA does not provide political advice, just the basic rules and responsibilities now that they are running the government.

GSA also provides support to the outgoing president and vice-president. While it is not their favorite topic to talk about, GSA has reached out to the outgoing transition team who will work with GSA to locate office space for the former president. GSA also provides office space for the former president for the first six months at which time the permanent authority takes over.

Normally, there isn’t much controversy over the location of the former president’s office, but following the 2000 elections, President Clinton wanted an office in Mid-town Manhattan, but there wasn’t enough money in the budget for that. His office is now located in Harlem and it seems to have worked out for him.

GSA works with both the Secret Service and the Federal Protective Service to locate a suitable site for the transition team. GSA has started very early in locating the space

required, because there just isn't 120,000 square feet of space sitting in Washington, DC waiting to be occupied.

Following Mr. Bibb's briefing, Mr. Rigas then continued with an update on the SDVOSB subcommittee. OSBU has gone out to the regional directors requesting names of SDVOSB companies to serve on the SDVOSB subcommittee. Mr. Rigas also extended that courtesy to the SBAC members as well.

At this point Mr. Evans put forth a motion to create a SDVOSB subcommittee with a second by Mr. Hall. There was no discussion and the motion passed without opposition.

Mr. Mendoza put forth a request for the Committee to nominate a SDVOSB Subcommittee Chair to which Mr. Moliere was nominated. As there were no other nominations, Mr. Moliere was appointed.

GSA OSBU has kept a national calendar of events for several years now. This is a calendar published monthly on the website to allow all interested parties to know when there is an event coming up in their area. It lists that date of the event, location, and also gives a point of contact. This calendar includes everything from the small classes being taught to the large national conferences that are supported.

Mr. Mendoza also continued on mentioning that he would like to have members of the regional or central office staffs visit the SBAC members when traveling through the area. The reasoning behind this idea is that Mr. Mendoza sits on the JWOD Committee, and will visit a local non-profit agency that participates in the program. Following the visit, Mr. Mendoza reports back to the full committee what he observed while there. This would give GSA an opportunity to get first hand views of what some of these small businesses face in the field.

Mr. Hall wanted to mention that he is in the process of creating a software program that will allow Native American owned companies to showcase their location to make it easier for government agencies to find them. Many contracting opportunities are in the areas surrounding major cities, while many of the Native American businesses are in rural locations.

The Committee also discussed the possibility of the next meeting. The committee tentatively decided to hold the next meeting in October. It will likely be held in Washington, DC.

Ms. Sullivan wished to make a motion relating to the discussions on the surplus property auctions earlier in the day.

I'd like to make a motion that the committee ask the GSA administrator to halt implementation of the final -- of the final rule until the SBA office of advocacy has done the study on the effect of the rule on small businesses, and we should give them 90 days to complete that.

There was a second by Mr. Moliere and the motion passed without opposition.

Ms. Sullivan was granted time to update the SBAC on the SBA Women's procurement program. SBA issued a proposed rule that would limit the women's procurement program to just a few industries and also require the federal agencies to admit that they discriminated against women in procurement practices in the past. Currently it appears that there will be no final rule issued and that there will not be a rule until after the elections.

Mr. Moliere reported that the VETS GWAC had a lot of press in the past with 64 awards made to date. These are from 13 different agencies, of which 3 are part of the Department of Agriculture. Mr. Provenzano did point out that once you leave the biggest procuring agencies, the dollars do drop pretty quickly. Mr. Moliere continued stating that VA had 21 actions with the Veterans Hospital Administration being the majority of those. He also mentioned that it is a poor representation of the federal government as a whole considering the small number of agencies using the VETS GWAC. Mr. Moliere will bring up this issue for further discussion in the first SDVOSB Subcommittee meeting.

Following a brief break, the Committee reconvened to hear public comment.

Mr. Cameron Gharabiklou's comments are included below:

Thank you for the opportunity to speak briefly this morning about an issue which is of significant concern to small businesses across the country. I am Cameron Gharabiklou, Director of Government Affairs for Buffalo Supply, Inc. ("BSI"), a woman-owned, family operated small business with less than 30 employees from Lafayette, Colorado. BSI maintains Federal Supply Schedule contracts through GSA as well as the Department of Veterans Affairs. Since 1983, the employees of Buffalo Supply have proudly worked to provide medical and surgical equipment for the treatment of America's active duty and retired military men and women. In 2007, GSA's Administrative Report Card conferred upon Buffalo Supply a rating of "exceptional", the highest possible rating. The ability of Buffalo Supply, and other resellers, many of which are also small, veteran and woman owned businesses, to continue working with the federal government is once again being severely threatened.

Small businesses represent the backbone of America's economy and a fundamental aspect of federal procurement policy enacted by Congress, GSA and other relevant authorities, has been to support the growth, development and utilization of such companies. Through GSA schedules and other contracts, thousands of resellers provide millions of dollars of goods and services to the federal marketplace. Participation of resellers in the procurement process benefits not only the small businesses themselves, but also America's taxpayers who realize competitive cost savings.

The VA's Office of Inspector General, however, does not recognize the contributions resellers make to the federal marketplace, and has undertaken efforts to prohibit their participation. On October 15, 2007, the IG's office released a report which was highly critical of resellers. I have provided a copy of that report, entitled "Final Report: Special Review of Federal Supply Schedule Medical Equipment and Supply Contracts Awarded to Resellers", for the record.

These allegations and attacks on small businesses mirror similar charges made by the IG's office in 2001 in another such report. At that time, the House of Representatives Small Business Committee wisely took action to ensure that resellers would not be prohibited from holding FSS contracts. A letter from the Committee's Chairman and Ranking Member at that time, which discusses the Committee's intent, is also contained in the materials I have submitted for the record. That decisive action by Congress, however, has not deterred the VA OIG. Buffalo Supply and other resellers have faced formal and informal attempts by the OIG to enforce an anti-reseller policy. The OIG has utilized a variety of tactics ranging from audits and refusals to grant contracts despite recommendations from contracting officers to burdensome demands for information and year-long delays to approve simple contract modifications, in an attempt to force resellers from the marketplace.

Such policy and actions clearly violate long-standing GSA regulations and federal statutes including the Competition in Contracting Act which requires the FSS program be open to all responsible sources. The VA operates supplies and services contracting under a delegation of procurement authority issued by GSA. However, GSA maintains exclusive jurisdiction over matters concerning creation and implementation of policy governing the FSS program, as that authority is not delegable. In January of this year, GSA's Chief Acquisition Officer issued a letter to VA officials informing them of these facts. A copy of that letter is provided for the record. Despite that determination, as well as the support of a number of Members of Congress and Congressional Committees, the OIG has not ceased its attack on small business resellers.

Should the OIG succeed in implementing its anti-reseller philosophy, the negative impact would be felt government-wide and nation-wide. Small business resellers would not only be barred from supplying goods and services to the Department of Veterans Affairs, but many would be shut entirely from the federal marketplace. The survival of hundreds of small, woman and veteran-owned businesses would be threatened, and thousands of jobs would be lost. The disappearance of these competitors from the market would remove the incentive for larger businesses to provide the best possible prices to the government on each contract. The depth of the stakes in this matter is evident by the variety of organizations which have

expressed their opposition to the VA OIG's anti-reseller campaign. These include business organizations such as the U.S. Chamber of Commerce and the Coalition for Government Procurement and military organizations such as Vietnam Veterans of America and the Veterans of Foreign Wars ("VFW").

GSA has for many years worked in a dedicated and diligent manner to ensure the maximization of small business utilization by the federal government. At a time when hundreds of such companies, including Buffalo Supply, are threatened, small businesses must rely on Committees such as yours for support. Attempting to prohibit an entire class of competitors from the procurement process simply because of their business model, is an unfair, discriminatory policy which harms small businesses, taxpayers, and veterans, while achieving no positive end. Your support of the continued participation of small business resellers in the federal marketplace would be appreciated by the employees of Buffalo Supply and Americans across the country whose jobs are at stake in this issue.

Thank you very much for the opportunity to provide comments today and I would be pleased to respond to any questions you may have.

Following Mr. Gharabiklou's statement, the Committee asked some questions relating to the VA OIG's impact on Buffalo Supply. Mr. Gharabiklou states that Buffalo Supply has several modifications outstanding with a substantial backlog. The VA's position is to buy only from the manufacturers, which would have to submit to all of the rules and regulations of a contract holder, even if they choose to be a contractor but to use a reseller for their products.

Ms. Sullivan asked what the relationship is between the VA and GSA. GSA is the agency with procurement authority as designated by Congress; however, GSA delegated the authority to VA for medical equipment because of the VA's expertise in that market. GSA is on the same side as Buffalo, right now the question is how can GSA influence this decision made at VA. Short of pulling the procurement authority, Buffalo is unsure of how GSA can assist them.

Mr. Gharabiklou asked that the Committee maintain a vocal stance within GSA to continue the pressure on VA regarding the policy making authority that GSA holds.

Mr. Moliere noted that there has been much interest already brought to bear at high levels of the government (OMB, House Oversight and Reform Committee) on the issue of VA using other than GSA contracts, namely the NASA SEWP contract. Ms. Sullivan asked what actions have been requested by Buffalo Supply from Congress, noting that there have been numerous letters sent by several Members of Congress to VA on this issue. (The contents of the VA OIG report



and other documents are available as a separate attachment on the SBAC Website.)

The concern of Buffalo Supply is that the VA OIG will continue to make recommendations to VA management on issues similar to what was outlined above. This leads Buffalo to believe that at some point, VA will come to GSA for GSA's blessing on a change to the policy and that is what they want to prevent. GSA has outlined its position clearly in the letter from Molly Wilkinson, who was Chief Acquisition Officer at that time, and this was affirmed by FAS Commissioner Jim Williams when he testified before the House Small Business Committee.

Mr. Provenzano requested a motion for the Committee to study this issue further and to have an update on the status at the next meeting in October. Mr. Evans moved with a second by Ms. Siker. The motion carried with unanimous consent.

Following this, the meeting was adjourned at approximately 5:00 pm.

I hereby certify, to the best of my knowledge that the foregoing minutes of the GSA  
Small Business Advisory Committee meeting held on April 21, 2008 are correct.



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Peter Provenzano, Chairman